

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER Executive Director

Division of Oil, Gas and Mining JOHN R. BAZA Division Director FILED

AUG 19 2014

SECRETARY, BOARD OF OIL, GAS & MINING

August 19, 2014

Utah Board of Oil, Gas & Mining Department of Natural Resources State of Utah

Board Matter (Docket No. 2009-015, Cause No. WD-04-2009)

Re: Montezuma Well Services, Inc. ("MWS") - Recapture Brine Disposal Facility Section 14, Township 40 South, Range 22 East, San Juan County, Utah

Board Members,

Attached is a written report & updated facility layout maps, filed on behalf of the Division of Oil, Gas & Mining (the "Division"), for the above referenced Board matter.

As stated in the report, the Division is continuing to monitor cleanup operations at the referenced facility, and is working closely with MWS staff members to ensure that cleanup operations are being conducted in accordance with the original Board Order & 2011 Stipulation.

Land Farm Cell 1 cleanup levels were met on January 10, 2014. Land Farm Cell's 2-10 & W/end of Cell 11 is being turned on a weekly basis (weather permitting). Manure & hay is being added to the oily soils to help expedite soils remediation. In addition, testing of the soils (Cell's 2-10) is being conducted periodically to determine remediation progress. The E/end of Cell 11 is empty. Soils testing in Cell 11 will be conducted when appropriate.

Land Farm Expansion #3 consists of Cell's 12-17 (amended from Cell's 12-31). Cell's 12-16 are full, and Cell 17 is 50% full of oily material from Pit A. Manure & hay has been added to the material and tilling is scheduled to commence soon. MWS estimates that Pit A is approximately 30-35% full.

MWS continues to operate Pit B (up to 50% full) and has added an additional \$16,882.50 to their existing facility bond issued by Wells Fargo Bank; total bond amount is \$99,636.64. In addition, Pit B is fully bonded by Great American Ins. Co. in the amount of \$46,019. The total facility bond amount is now \$145,655.64.



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In conclusion, MWS and the Division are complying with the requirements set forth in the original Board Order & 2011 Stipulation.

Sincerely,

Jøhn Rogers

Associate Director, Oil & Gas

JR/LC/js

Attachments: (3)

cc: Julie Ann Carter, Board Secretary

Steve Alder, Assistant Attorney General

John Rogers, O&G Associate Director

Clint Dworshak, Compliance & Public Outreach Manager

Brad Hill, Permitting Manager

Dan Jarvis, Operations Manager

Bart Kettle, Price Office

Sonja Wallace, Environmental Compliance Manager, SITLA (SULA #656)

Chris Fausett, Trust Lands Resource Specialist, SITLA (SULA #656)

Earl Martinez, President, MWS

Mel Capitan, Manager, MWS

Facility File

N:\Oil & Gas Permits\Disposal Facilities (Pits, LF, etc)\Montezuma Well Services\Recapture Brine Disposal\Board Hearings\2014

Montezuma Well Services, Inc. "MWS" Recapture Brine Disposal Facility Sec. 14, T. 40S, R. 22E, San Juan County, Utah

Division/Board History

Division Order: 05/07/2008

Board Orders: Docket No. 2009-015, Cause No. WD-04-2009

12/08/2009	Original Order/Order of Continuance to 7/28/10
08/27/2010	Order of Continuance to 8/2011 &
	2010 Stipulation (8/25/10)
09/29/2011	Order of Continuance to 8/2012 &
	2011 Stipulation (9/16/11)
10/24/2012	Order of Continuance to 8/2013
08/20/2013	Hearing moved from 8/28/13 to 10/23/13 *Div. Request
10/22/2013	Order to File Written Report (Division & MWS)
12/04/2013	Verbal Order of Continuance to 8/2014
08/27/2014	Board Hearing (outcome pending)

MWS/Division Compliance with Board Order's & 2011 Stipulation - 4(a), 4(b), 4(c) & 4(d) (10/22/13 - 8/27/14)

- 4(a) Montezuma will continue to accelerate the work on the Land Farm by:
- (i) Providing dedicated equipment and employees to work at the Land Farm and will till the material in the Land Farm at least weekly. MWS has dedicated equipment (GM pump, frontend loader, tractor & disk) & staff (supervisor, 3-4 full time employees, & main office oversight & planning) to Cleanup/Land Farm operations and is tilling the oily soils in the Land Farm (Cells 2-10 & W/end Cell 11) on a weekly basis (weather permitting). Weekly tilling in Land Farm Cells 12-17 & E/end Cell 11 will commence when appropriate. In September 2012, MWS set up a 400 bbl water tank & sprinkler system next to Cell 1 to wet down Land Farm Cells 1-6 prior to tilling, and are currently exploring options to improve soil moisture in all other Land Farm cells.
- (ii) Coordinating with the Division to establish methods, procedures and practices that maximize the efficiency and effectiveness of the Land Farm toward cleaning the material to meet Division standards and allow for additional material to be placed in the Land Farm. MWS staff is working closely with Division staff to ensure that Cleanup/Land Farm operations continue in a timely & efficient manner. The volume of organic materials (manure & hay) added to the land farm cells has been increased to help expedite soils remediation. In addition, options for increased microbial diversity are being explored by MWS.
- 4(b) Montezuma will continue to be permitted to accept shipments of E&P waste water from oil field operations into Pit B in an amount up to 50% of the depth of the pit (4' deep), provided Montezuma meets the following conditions:

- (i) Montezuma will continue to pay into an existing Cash/Business Savings Account (Wells Fargo Bank, No. 0361028509, eff. 1/12/99) established with the Division, a sum of not less than \$0.25 per barrel of E&P waste water received into Pit B to be held as part of the required bond for reclamation of the Facility with payment due within 10 days of the end of each month. Oct. 2013 July 2014; MWS added an additional \$16,882.50 (67,440 bbls x .25 = \$16,860 + \$22.50) to their existing facility bond issued by Wells Fargo Bank. The total bond amount is now \$99,636.64. In addition, Pit B is fully bonded by Great American Ins. Co. (Bond No. MS1504258, \$46,019.00, eff. 8/4/09). (Pit B reconstructed & relined 9/30/09-10/17/09). The total facility bond amount is now \$145,655.64 (\$99,636.64 + \$46,019); see chart, Stip. 4(c).
- (ii) Montezuma will continue to accelerate the removal of the material from Pit A & Oil Burning Pit's to the Land Farm and will fill the Land Farm to its' maximum capacity, and thereafter will continue to remove the material from Pit A & Oil Burning Pit's to the Land Farm to the full extent of its' capacity as determined by the Division.

Land Farm Cells 1-6 were filled to capacity with oily material removed from Pit A by end of Aug. 2010, weekly wet down & tilling (weather permitting), and periodic soils testing continues; see chart, Stip. 4(c). (The Cleanup Plan & treatment area was approved by the Division on 6/8/05; SITLA concurrence, SULA No. 656). On 1/10/14, Cell 1 cleanup levels were met, and on 3/18/14 the Division granted MWS approval to use the remediated soils from Cell 1 to construct the Facility "Secondary Containment"; MWS plans to construct it with a 3:1 mix (3 parts clean topsoil, 1 part remediated soil). MWS is not planning to move more oily material from Pit A into Cell 1.

LF Expansion #1 - Cells 7-8 were filled to capacity with oily material removed from Pit A by end of March 2011, weekly tilling (weather permitting) & periodic soils testing continues; see chart, Stip. C #3. (Approved by the Division on 9/29/10; SITLA concurrence, SULA No. 656).

LF Expansion #2 - Cells 9-10 & W/end of Cell 11 were filled to capacity with oily material removed from the Oil Burn Pit "OBP" by end of June 2012, weekly tilling (weather permitting) & periodic soils testing (Cells 9-10) continues. No soils testing have been conducted in Cell 11; see chart, Stip. 4(c). (Approved by the Division on 5/25/11 "Cells 9-13", amended 6/28/11 "Cells 9-11"; SITLA concurrence, SULA No. 656). 3/18/14 Division approval to modify/enlarge Cell 11 was granted (W/end OBP material, E/end Pit A material); SITLA concurrence. No oily material from Pit A has been moved into the E/end of Cell 11.

The Division & SITLA requested that the OBP, located adjacent to Cells 9-11, also be reclaimed. Initially Cell 9 was the only cell designated to remediate OBP material, however more material than anticipated was encountered so Cell 10 & W/end Cell 11 were also designated for OBP material. Following the removal of the oily material from the OBP, soil testing was conducted in the OBP bottom (east & west halves); see chart, Stip. C #3. The Division's cleanup levels were met on the east half and permission was granted to backfill it with clean soil; the work was completed in 7/2012. In February 2013, the Division determined that the cleanup levels were met on the west half of OBP

and permission was granted to backfill it with clean soil; the work was completed in 2/2013. (Waste oil emergency pit approved by the Division on 10/6/88 - Condition #4 "Burning of the pit should only be conducted as approved by the appropriate agencies in accordance with state and local laws & ordinances"). The E/end of Cell 11 is the former location of the OBP.

LF Expansion #3 - Cells 12-17 (Approved by the Division on 2/7/13; SITLA concurrence, SULA No. 656). 11/22/13 the cells were modified/enlarged to Cell's 12-18 (from Cell's 12-31). MWS began moving material from Pit A to Cell 12 on 10/16/13; Cell 12 full by 11/20/13; Cell 13 & 14 full by 12/20/13; Cell 16 full by 1/30/14; Cell 15 full by 2/28/14. 3/18/14 Division granted approval to modify/combine Cell's 17 & 18; SITLA concurrence. Cell 17 is 50% full. No oily material from Pit 1 has been moved into the E/end of Cell 11.

Pit/Cell No.	Dimensions (LF Acres)	Pit/Cell Capacity (cy)	Comments
Pit A	250'x230'x6'	+12,777	8/6/14 MWS Estimate 30-35% Full
Cells 1-6	961'x181'x10" (3.98)	*Correction 5,367	
Cells 7-8/Irreg.	475'x118'x10" (1.26)	*Correction 1,730	
Cells 12-17	300'x990'x10" (6.81)	*Correction 9,163	
Cell 11 (E/end)	100'x440'x10" (1.01)	1,358	
		*Total (17,618)	
Oil Burn Pit *E ½ Reclaimed 7/2012 *W ½ Reclaimed 2/2013	280'x27'x8-9' (0.17)	2,349	
Cell 9/Irreg.	195'x170'x+10" (0.68)	1,283	
Cells 10	100'x175'x10" (0.40)	(Cell 10 & 11/W) 1,066	
Cell 11 (W/end)	100'x170'x10" (0.39)		
		*Total (2,349)	
	Total LF Acres (14.7)		

- (iii) The right to continue to accept E&P waste water for disposal into Pit B will be dependent upon the continuing operation of the Land Farm as required by part 4(a) of this 2011 Stipulation. MWS is complying with part 4(a) of the 2011 Stipulation, and therefore is continuing to accept E&P waste water into Pit B in an amount up to 50% of the depth of the pit (4' deep); see chart, Stip. 4(c).
- (iv) Upon construction of the Facility "secondary containment" structure approved by the Division, Montezuma may continue to accept E&P waste water into Pit B up to the approved capacity of the pit (82,058 barrels) subject to the continued compliance with the other provisions of this 2011 Stipulation. The Facility "secondary containment" has not been constructed, therefore approval to fill Pit B to capacity (82,058 bbls/-2' FB) has not been granted by the Division; MWS is complying with Stipulation 4(b). SMA Eng. Plan/Maps approved by the Division on 3/8/10. 3/2013 Division approved SMA Eng. Plan/Maps resent to MWS. 3/18/14 Division granted approval to use remediated soils from Cell 1 to construct the Facility "secondary containment"; MWS plans to construct it

with a 3:1 mix (3 parts topsoil & 1 part Cell 1 remediated soil). Construction plans rescheduled from spring 2014 to spring 2015.

4(c) Montezuma will continue to provide monthly reports no later than the tenth day of each month outlining the amount of material removed from Pit A & Oil Burning Pit's to the Land Farm, Land Farm tilling dates, Land Farm soils testing dates and provide copies of testing results, volume of E&P waste water received into Pit B and provide a deposit slip of the amount paid into the existing Wells Fargo Bank, Cash/Business Savings Account No. 0361028509, and any other information as required by the Division to evaluate the success of the clean-up operation and compliance with this 2011 Stipulation.

Monthly reporting; oily material from Pit A to Land Farm (Cells 1-8, Cell 11 (E/end), & Cells 12-17), and from the OBP to Land Farm (Cells 9-10, & Cell 11 (W/end). Pit/cell capacity listed under 4(b)(ii).

Year - Month(s)	Cubic Yards	Destination	Cell Status
2010 - July-Aug.	1,350	Cells 1-6	Full (+/- 5347 total cy)
2010 - SeptOct.	371	Cell 7 *LF Exp, #1 (9/29/10)	Full (+/- 861,5 total cy)
2010 - Nov	188	Cell 8 *LF Exp, #1 (9/29/10)	<half full<="" td=""></half>
2010/2011 - Dec-Jan.	?	Cell 8 *LF Exp. #1 (9/29/10)	Half Full
2011 - Feb-March	?	Cell 8 *LF Exp. #1 (9/29/10)	Full (+/- 861 5 total cy)
2011 - April	0		
2011 - May	0	LF Exp. #2 (5/25/11)	Cells 9-13 Empty
2011 - June	0	LF Exp. #2 (Amended 6/28/11)	Cells 9-11 Empty
2011 - July	1,019	Cell 9 *obp	Full (+/-1019 total cy)
2011 - Aug.	696	Cell 10 *osp	2/3 Full
2011 - Sept.	211	Cell 9 (89 Cy)	(+10" deep)
		Cell 10 (75 cy)	+2/3 Full
		Cell 11 (47 су) *овр	% Full?
2011 - Oct.	0		
2011 - Nov.	0		
2011 - Dec.	136	Cell 9 (86 cy) *osp	(+10" deep)
		Cell 10 (50 су) *овр	+2/3 Full
2012 - Jan.	0		
2012 - Feb.	0		OBP E 1/4 (soils testing)
2012 - March	0		
2012 - April	0		
2012 - May	161	Cell 9 (89 су) +овр	(+10" deep)
		Cell 10 (72 су) *овр	+2/3 Full
2012 - June	126	Cell 10 (51 су) *овр	Full (+/- 530 total cy)
		Cell 11 (75 су) *овр	<full (+="" -="" 530="" cy)<="" td="" total=""></full>
2042 1.1			OBP W ½ (soils testing)
2012 - July	0		OBP E ½ (reclaimed)
2012 - Aug.	0		
2012- Sept.	0		
2012 - Oct.	0		
2012 - Nov.	0		
2012 - Dec.	0		
2013 - Jan.	0		155 (12 to 11 to 12
2013 - Feb.	0		LF Exp. #3 (Cells 12-31) OBP W ½ (reclaimed)
2013 - March	0		
2013 - April	0		

2013 - May	0		
2013 - June	0		
2013 - July	0		
2013 - Aug.	0		
2013 - Sept.	0		LF Exp #3 Amended (Cells 12-18); no material from Pit A moved to cells yet.
2013 – Oct.	1464	Cell 12	Began LF3 10/16/13
2013 – Nov.	2280	Cell 12 & 13	Cell 12 Full 11/20/13
2013 – Dec.	2524	Cell 13 & 14	Cell 13 & 14 Full 12/20/13
2014 – Jan.	2632	Cell 16	Cell 16 Full 1/30/14
2014 – Feb	2296	Cell 15	Cell 15 Full 2/28/14
2014 – March	772	Cell 17	LF Exp #2 Amended (Cell 11 enlarged) LF Exp #3 Amended (Cells 17 & 18 combined) Cell 1 cleanup standards met (will use soils to construct facility "sec. cont.".
2014 – April	380	Cell 17	
2014 – May	616	Cell 17	
2014 – June	360	Cell 17	
2014 – July	228	Cell 17	Cell 17 50% full. Cell 11 (E/end) empty.
Total(s)	17,810		

<u>Land Farm tilling</u>; Cells 2-10 & W/end Cell 11 weekly (weather permitting). Manure & hay added to Cells 12-17, weekly tilling forthcoming. E /end Cell 11 (former OBP) is empty.

<u>Land Farm soils testing</u>; by SMA "Souder, Miller & Associates ", Hall Environmental Analysis Laboratory, and <u>Envirotech Analytical Laboratory</u> (new testing).

Sample	Collection	Hydrocarbon	Salinity	Salinity	Salinity	DOGM
ID	Date(s)	Content	EC	ESP	SAR	Release
		TPH (ppm)	(mmho/cm)	(%)		Date
	Utah Cleanup Levels	1% or 10,000	<4	15	12	
Cell 1	04/06/11	16,000	2.0	5.6	10.5	3/18/14
	07/12/11	20,000	2.6	11.0	9.4	
	02/21/12	12,000	3.0	16.0	14.0	
	06/14/12	12,000	3.4	6.9	9.6	
	12/10/12	10,800			0.857	
	06/28/13	16,100			0.597	
	01/10/14	10,000	3.0		0.615	
Cell 2	04/06/11	56,000	2.1	20.9	18.5	
	07/12/11	40,000	3.9	19.0	17.0	
	06/14/12	35,000	3.0	9.3	12.0	
	12/10/12	39,700			2.2	
	06/28/13	40,100			2.3	
	01/10/14	37,800	5.2		2.4	
	06/27/14	28,000	6.5		1.8	

Cell 3	04/06/11	100,000	5.1	14.5	24.2	
	06/14/12	72,000	4.0	9.9	19.0	
	12/10/12	87,400			1.8	
	06/28/13	76,300			1.9	
	01/10/14	75,000	4.4		2.0	
	06/27/14	48,800	10.1		1.7	
Cell 4	04/06/11	43,000	6.9	9.7	23.9	
	07/12/11	68,000	5.9	21.0	19.0	
	02/21/12	39,000	4.7	21.0	19.0	
	06/14/12	51,000	3.4	7.2	17.0	
	12/10/12	49,800			2.6	
	06/28/13	52,700			2.3	
	01/10/14	77,100	6.5		2.4	
	2 nd Run	54,700				
	06/27/14	33,500	7.0		1.8	
Cell 5	04/06/11	54,000	6.7	16.2	35.2	
	06/14/12	74,000	3.4	11.5	25.0	
	12/10/12	80,700			3.2	
	06/28/13	100,000			3.7	
	01/10/14	64,000	5.6		3.4	
	06/27/14	36,300	9.1		3.0	
Cell 6	04/06/11	26,000	4.9	29.2	38.3	
	06/14/12	51,000	4.8	20.5	36	
	12/10/12	53,100			6.6	
	06/28/13	52,100			7.0	
	01/10/14	8400	10.8		6.0	
	2 nd Run	45,200	10,0		0.0	
	3 rd Run	62,700				
	06/27/14	23,900	17.2		4.8	
	00/2//2	20,500	17.12		4.0	
Cell 7	06/14/12	57,000	8.0	19.5	45.0	
	12/10/12	60,500	0.0	2010	8.2	
	06/28/13	71,100			8.6	
	01/10/14	61,900	18.8		9.1	
	06/27/14	33,100	23.9		5.6	
	50/2:/21	35)100	23.5		3.0	
Cell 8	06/14/12	74.000	8.0	30.5	43.0	
Cell 8	06/14/12	74,000	8.0	30.5	43.0	
Cell 8	12/10/12	101,000	8.0	30.5	7.6	
Cell 8	12/10/12 06/28/13	101,000 114,000		30.5	7.6 11.8	
Cell 8	12/10/12 06/28/13 01/10/14	101,000 114,000 78,400	17.8	30.5	7.6 11.8 8.6	
Cell 8	12/10/12 06/28/13	101,000 114,000		30.5	7.6 11.8	
	12/10/12 06/28/13 01/10/14 06/27/14	101,000 114,000 78,400 47,100	17.8	30.5	7.6 11.8 8.6 8.3	
Cell 8	12/10/12 06/28/13 01/10/14 06/27/14 12/10/12	101,000 114,000 78,400 47,100	17.8	30.5	7.6 11.8 8.6 8.3	
	12/10/12 06/28/13 01/10/14 06/27/14 12/10/12 06/28/13	101,000 114,000 78,400 47,100 132,000 110,000	17.8 26.9	30.5	7.6 11.8 8.6 8.3 4.8 4.9	
	12/10/12 06/28/13 01/10/14 06/27/14 12/10/12 06/28/13 01/10/14	101,000 114,000 78,400 47,100 132,000 110,000 131,000	17.8	30.5	7.6 11.8 8.6 8.3	
	12/10/12 06/28/13 01/10/14 06/27/14 12/10/12 06/28/13 01/10/14 2 nd Run	101,000 114,000 78,400 47,100 132,000 110,000 131,000 152,000	17.8 26.9	30.5	7.6 11.8 8.6 8.3 4.8 4.9 2.7	
	12/10/12 06/28/13 01/10/14 06/27/14 12/10/12 06/28/13 01/10/14	101,000 114,000 78,400 47,100 132,000 110,000 131,000	17.8 26.9	30.5	7.6 11.8 8.6 8.3 4.8 4.9	
Cell 9	12/10/12 06/28/13 01/10/14 06/27/14 12/10/12 06/28/13 01/10/14 2 nd Run 06/27/14	101,000 114,000 78,400 47,100 132,000 110,000 131,000 152,000 76,400	17.8 26.9	30.5	7.6 11.8 8.6 8.3 4.8 4.9 2.7	
	12/10/12 06/28/13 01/10/14 06/27/14 12/10/12 06/28/13 01/10/14 2 nd Run 06/27/14 12/10/12	101,000 114,000 78,400 47,100 132,000 110,000 131,000 152,000 76,400	17.8 26.9	30.5	7.6 11.8 8.6 8.3 4.8 4.9 2.7 4.1	
Cell 9	12/10/12 06/28/13 01/10/14 06/27/14 12/10/12 06/28/13 01/10/14 2 nd Run 06/27/14 12/10/12 06/28/13	101,000 114,000 78,400 47,100 132,000 110,000 131,000 152,000 76,400 67,200 55,500	17.8 26.9 5.0 9.3	30.5	7.6 11.8 8.6 8.3 4.8 4.9 2.7 4.1 4.5 3.6	
Cell 9	12/10/12 06/28/13 01/10/14 06/27/14 12/10/12 06/28/13 01/10/14 2 nd Run 06/27/14 12/10/12	101,000 114,000 78,400 47,100 132,000 110,000 131,000 152,000 76,400	17.8 26.9	30.5	7.6 11.8 8.6 8.3 4.8 4.9 2.7 4.1	

Cell 11	No Sampling				
OBP East 1/2	02/21/12	4,700	5.2	28.0	27.0
OBP West 1/2	06/14/12	53,000	2.4	9.9	NA
	10/11/12	39,100			12.4
Cell 12	No Sampling				
Cell 13	No Sampling				
Cell 14	No Sampling				
Cell 15	No Sampling				
Cell 16	No Sampling				
Cell 17	No Sampling				

MWS will continue to sample/test soils in the cells periodically (including Cells 11-17 when appropriate). When the Divisions' cleanup levels have been met the Division can grant MWS permission to use the remediated soils for construction of the Facility "secondary containment" in accordance with Division approved SMA Eng. Plan/Maps or for other facility purposes. The OBP is reclaimed; east half in July 2012, west half in February 2013. 1/10/14 Cell 1 cleanup levels were met & on 3/18/14 the Division granted MWS approval to use the remediated soils from Cell 1 to construct the Facility "secondary containment"; MWS plans to construct it with a 3:1 mix (3 parts topsoil & 1 part remediated soil from Cell 1). MWS is not planning to move more oily material from Pit A into Cell 1.

<u>Volume of E&P waste water received into Pit B</u>; & the amount deposited into their original facility bond (\$20,836.83) issued by Wells Fargo Bank, Cash/Business Savings Account No. 0361028509, eff. 1/12/99.

Year-Mo.	Barrels	Deposit (bbls x .25)
Orig. Facility Bond (Wells Fargo Bank #0361028509)		\$20,836.83
2010-10 thru 2011-07	50,121	\$12,530.25
2011-08 thru 2012-07	65,233	\$16,308.25
2012-08 thru 2013-09	131,647	\$32,911.75
2013-10 (\$22.50 extra)	7,782	\$1,968.00
2013-11	7,280	\$1,820.00
2013-12	7,578	\$1,894.50
2014-01	3,334	\$833.50
2014-02	5,964	\$1,491.00
2014-03	4,467	\$1,116.75
2014-04	4,213	\$1,053.25
2014-05	7,563	\$1,890.75
2014-06	6,085	\$1,521.25
2014-07	13,174	\$3,293.50
2013-10 thru 2014-07	67,440	\$16,882.50
Added (10/2010-7/2014)	314,441	\$78,632.75

Interest (10/2010-7/2014)	\$167.06
Current Facility Bond (Wells Fargo Bank #0361028509)	\$99,636.64
Pit B Full Bond (Great American Ins. Co. #MS1504258)	\$46,019.00
Total Bonding	\$145,655.64

4(d) The Division will continue increased oversight and inspections of the Facility and will continue to work with Montezuma to provide technical assistance as needed. Division staff has conducted 6 site inspections, since the Order to File Written Report was issued by the Board on 10/22/13, and is working closely with MWS & SITLA staff to ensure that cleanup of Pit A, land farm/soils remediation, and other facility operations are being conducted in compliance with Board Order's & 2011 Stipulation, and in accordance with permits issued by the Division & SITLA (SULA No. 656).

Division Inspection's

11/19/13 (BK)

Removal of materials from Pit A has commenced at an average rate of 120 yds/day. Materials are being placed in LF Exp 3 area. At the time of inspection Cell 12 has been filled with materials 8-10" deep and Cell 13 is half full. Per conversation with facility staff, an estimated 3000 bbls of fluids have been pumped from Pit A in the past 45 days. Pit B has seen increased demand in the days preceding visit, but is well below half full of fluids. A fabric baffle is being used to capture oil at inlet however pit still requires additional skimming to prevent oil accumulation of fluids at the surface. Pit C remains inactive with several inches of fluid. LF Cells 1-11 are being turned on a weekly basis.

12/18/13 (BK)

Transfer of materials from Pit A to LF Exp 3 area continues with between 90-150 cu/yds a day. Estimate that 1/3 of the solids have been removed from Pit A. An estimated 100 bbls of fluids remain in the extreme NE corner, crews are using GM pump to remove fluids as they separate out from solids. Cells 12 & 13 have been filled in LF Exp 3 area. Cell 14 is nearly half full. LF Cells 1-11 are being turned on a weekly basis although near sub zero temperatures have started to create some frost issues. Pit B remains about ½ full with between 100-200 bbls a day being accepted. Pit C remains inactive with about 6" of fluids covering the surface.

01/23/14 (BK)

Site was visited with Chris Fausett & Sonja Wallace (SITLA) to review progress & discuss plans for 2014. An estimated 2/3 of the solids have been removed from Pit A into LF cells. Currently LF Cells 1-14 are filled with materials. Cells 15 & 16 are being filled at time of inspection. Materials in LF cells are being turned on a weekly basis with the exception of newly filled cells which are being allowed to dry prior to turning. Fluids are being pumped & removed from Pit A (NE corner) on a daily basis, at the start of each morning. An estimated 20 bbls per day are being pumped away for the previous 60 days. As needed, fluids are pumped from the floor of Pit A with an estimated 20 bbls a week being removed with a vac truck. Three man crews are using a front end loader to scoop materials from Pit A & transport them to LF Exp 3 cells. Pit B is actively receiving fluids at a rate of several loads per day. At time of inspection, a small amount of oil was observed on the fluids surface in the NE corner. Fluid levels are approaching the ½ capacity mark set by the Board until facility secondary containment is constructed. Pit C remains inactive with fluctuating volumes of fluids on the surface. At time of inspection, fluids have nearly evaporated with only the middle 1/3 containing fluids. In the year to come it is anticipated that all solid materials will be removed from Pit A. Pit A sub soils will be tested. Assuming that sampling reveals acceptable results a proposal to reline Pit A will be submitted to the Board. LF Cells 2-17 will be filled & turned on a weekly basis. LF Cell 1 has passed abandonment levels & materials contained in it will be used to construct the facility secondary containment berm. A request to move LF Cell 18 from the previously approved location to the north end of the facility (remediated burn pit area) will be submitted along with a request to put an additional lift of material from Pit A into Cell 1 (after remediated soils removed). Fluid tanks will be set & irrigation water will be supplied to Cells 9-18 to expedite soils remediation.

03/05/14 (BK)

Removal of materials from Pit A continues with an estimated 2/3 of the materials removed. Remaining materials contain higher moisture content and as such have complicated handling. Materials are slumping as soon as the front end loader backs up. This slumping is making it more difficult to get a full bucket load of materials. In addition, fluids are separated out and require pumping every couple of days. Possible solutions discussed include adding saw dust, hay or other fibrous materials to absorb moisture, allowing pit to sit for 30-60 days with periodic stirring to allow evaporation of moisture. Little fluids are being accepted into Pit B, oil is being removed from fluid surface on a regular basis. Pit C contains fluids over the surface of solids. Land Farm Cells 1-10 are being turned on a regular basis. Materials from Pit A will be added to Land Farm Cell 11 in the near future. Cells 12-16 are being allowed to dry prior to turning. Cells 17 & 18 are being combined and an additional cell at the site of the former Burn Pit will be requested.

07/02/14 (BK)

Facility staff accepting up to 3 loads of water a day. Pit B is ½ full. Small amount of oily material noted on fluids surface. Crews are aware & waiting for wind to gather materials into a corner where they can remove it. Pit C remains inactive & is nearly dry. Pit A materials have become fairly mobile with hot weather. Greater concentrations of oil are present in materials left on the eastern side of pit. With hot temperatures crews are having difficulties controlling materials movement to the west. Straw bales & native soils are being used to absorb oil. Per conversation oil is too dirty to be salvaged. Land farm Cells 1-11 continue to be turned on a regular basis. Raw water is being applied to Cells 1-6 at time of inspection. Cells 12-17 have significant accumulations of free standing oil separating out of solids & pooling on the surface. Relayed to onsite personnel material requires working to integrate oil into matrix with native soils & initiate the natural attenuation process. Followed up with phone call to Melvin Capitan 7/7/14 to relay same message. Mr. Capitan had planned to use straw, manure & native soils to mix oil into matrix aiding bio remediation. Site supervisor is scheduled to take a medical leave of absence in the coming weeks, during that time efforts will focus on free standing oil in land farm cells & turning cells, work will be temporarily discontinued on Pit A.

07/29/14 (BK)

Standing oil observed within land farm Cells 16 & 17. With hot weather of summer, an unexpected volume of oil has started to separate out of land farm materials. Land farm Cells 2-10 & W/end of Cell 11 are being turned on a regular basis. Remaining land farm cells have had some organic materials added, but had not been turned at time of inspection. Materials remaining within Pit A contain a high volume of oil that continues to separate out. Crews have done the best they can to contain separating oil. Pit B is slightly over ½ full of fluids. Fluids contain high concentrations of chlorides and are accumulating solids at a higher rate than anticipated. Pit C is dry.





